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FEDERAL ELECTION COMMISSION
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FIRST GENERAL COUNSEL'S REPORT

CELA

RAD REFERRAL: 10L-04

DATE OF REFERRAL: May 19, 2010

DATE OF NOTIFICATION: June 14, 2010

LAST RESPONSE RECEIVED: July 6, 2010

DATE ACTIVATED: July 20, 2010

EXPIRATION OF SOL: Earliest April 1, 2013/
Latest March 8, 2015

SOURCE: Internally Generated

RESPONDENTS: Edward J. Lynch
Lynch for Congress and Edward J. Lynch, in his
official capacity as treasurer

RELEVANT STATUTES
AND REGULATIONS: 2 U.S.C. § 434(b)
2 U.S.C. § 439a(b)
11 C.F.R. § 104.3
11 C.F.R. § 113.1(g)

INTERNAL REPORTS CHECKED: Disclosure Reports

FEDERAL AGENCIES CHECKED: None

I. INTRODUCTION

Lynch for Congress is the principal campaign committee for Edward J. Lynch, who was a candidate for Florida's 19th Congressional District in 2008 and again in the 2010 Special Election. The Reports Analysis Division ("RAD") referred Lynch for Congress and Edward J. Lynch, in his official capacity as treasurer, ("Committee") to this Office for enforcement action based on apparent reporting discrepancies and the improper use of campaign funds that took place from 2008 through 2010. The referral states that the Committee filed inaccurate reports with the Commission when it submitted reports containing cash on hand discrepancies up to \$81,000. In addition, according to the referral materials, certain candidate loans and Committee

1 disbursements may have been misreported. Finally, the referral identifies the candidate's
2 apparent personal use of Committee funds.

3 Pursuant to the Commission's *Agency Procedure for Notice to Respondents in Non-*
4 *Complaint Generated Matters*, dated August 4, 2009, this Office notified the Committee of the
5 referral by sending the Committee a copy of the referral, including Committee bank statements
6 in RAD's possession. In his response to the notification, Mr. Lynch denies, on behalf of himself
7 and the Committee, that they committed the violations alleged in the referral. His response
8 includes only general explanations concerning the cash on hand discrepancies and the personal
9 use of committee funds, without addressing any of the specific transactions highlighted in the
10 referral.

11 Based on the available information, we recommend that the Commission open a Matter
12 Under Review and find reason to believe that Lynch for Congress and Edward J. Lynch, in his
13 official capacity as treasurer, knowingly and willfully violated 2 U.S.C. § 434(b) by filing
14 inaccurate disclosure reports. We also recommend that the Commission find reason to believe
15 that Edward J. Lynch knowingly and willfully violated 2 U.S.C. § 439a(b) by converting
16 Committee funds to his own personal use, and Lynch for Congress and Edward J. Lynch, in his
17 official capacity as treasurer, knowingly and willfully violated 2 U.S.C. § 439a(b) by using
18 campaign funds for personal use. Finally, as discussed below, we recommend that the
19 Commission authorize an investigation in order to ascertain the full scope and nature of the
20 violations at issue.

1 **II. FACTUAL AND LEGAL ANALYSIS**

2 **A. Factual Summary**

3
4 The RAD Referral ("Referral") identifies a number of reporting discrepancies dating
5 from March 2008 through April 2010, including misreporting of the Committee's cash on hand
6 balance, inaccurate reporting of loans and disbursements, and the failure to report unitemized
7 disbursements.¹ Specifically, the Referral identifies the following reporting errors:

- 8 • The Committee overstated cash on hand balances in at least two disclosure
9 reports.
- 10 o The Committee's 2008 July Quarterly Report, covering the period of April
11 1 through June 30, 2008, disclosed \$71,734.34 cash on hand when the
12 Committee's July 15, 2008 bank statement showed a balance of \$2,437.36.
- 13 o The Committee's 2010 12-Day Pre-Special Primary Report, covering
14 October 1, 2009 through January 13, 2010, disclosed \$84,455.39 cash on
15 hand when the Committee's bank statement showed a balance of only
16 \$3,297 on January 13, 2010.
- 17
- 18 • The Committee reported two candidate loans (\$29,800 on March 24, 2008 and
19 \$50,000 on April 1, 2008) that may have never been deposited into the
20 campaign's bank accounts.
- 21
- 22 • A number of Committee disbursements under \$200 dollars each were not reported
23 in the Committee's total unitemized disbursement totals.
- 24
- 25 • Certain Committee disbursements to vendors were misreported. Those
26 disbursements, which appear to be for the candidate's personal expenses, were
27 reported as payments to the candidate rather than as disbursements to the vendors.
28
29

¹ Included with the Referral were copies of the Committee's bank statements (including cancelled checks) from different bank accounts used by the Committee from February 2008 through February 2010. The statements were provided to RAD by a former employee of the Committee. Based on the bank statements included in the Referral, it appears that the Committee operated out of the three different bank accounts at different times. The Committee had an account in the name of "Edward J. Lynch Campaign Account" from at least February 2008 through October 20, 2008 when the account was closed. The Committee appears to have opened a second account in the name of "Lynch for Congress, Inc." in September 2008 that it closed that same month, and then it opened the third account, in the name of "Lynch for Congress, Inc." on October 1, 2008. The bank statements for the first account cover the time period of February 15, 2008 through March 13, 2008 and July 15, 2008 through September 12, 2008; the statement for the second account covers September 1, 2008 through September 30, 2008; and the statements for the third account cover October 1, 2008 through February 28, 2010. There are no statements currently in our possession for the time period of March 14, 2008 through July 14, 2008.

1 In addition to the reporting errors, the Referral identified disbursements where the
2 candidate may have used the Committee's funds to pay for personal expenses. Specifically, the
3 candidate's potential personal use violations include payments for the candidate's home electric
4 bill, a personal gym membership, the candidate's and his wife's cell phones, a doctor's visit, a
5 gun holster, and purchases at Build-A-Bear Workshop and Neiman Marcus, among others. The
6 Committee's bank statements show that most of these payments were made directly to the
7 vendors using the Committee's bank check card. However, in many instances, the Committee
8 reported the disbursement on its FEC disclosure reports as payable to the candidate even though
9 the payment actually was made to a vendor. The potential personal use expenses include the
10 following:

Date	Amount	Payee Listed on Bank Statement	Payee Reported on FEC Report	Purpose Listed in FEC (Form 3) Report
08/08/09	\$443.23	VZW Wireless	VZW Wireless	cell phone - Line 17 (operating expenses)
08/11/09	\$46.80	FL Driver's License	Not Reported	N/A
08/21/09	\$31.29	PF Gyms	Edward Lynch	no purpose - Line 19a (loan repayments)
08/25/09	\$50.00	ER Doctors Urgent Care	Edward Lynch	no purpose - Line 19a (loan repayments)
09/14/09	\$27.99	Fobus Holster	Edward Lynch	no entry
09/17/09	\$83.90	Advance Auto Parts	Not Reported	N/A
09/17/09	\$28.27	Bennett Auto Supply	Not Reported	N/A
09/18/09	\$69.83	Sam Ash Music	Not Reported	N/A
09/28/09	\$21.29	PF Gyms	Edward Lynch	no purpose - Line 19a (loan repayments)
09/30/09	\$444.00	VZW Wireless	VZW Wireless	cell phone - Line 17 (operating expenses)
10/19/09	\$21.29	PF Gyms	Not Reported	N/A
10/29/09	\$449.59	VZW Wireless	VZW Wireless	phones - Line 17 (operating expenses)
11/19/09	\$21.29	PF Gyms	Not Reported	N/A
12/03/09	\$1,718.00	Florida Power & Light	Florida Power & Light	power - Line 17 (operating expenses)
12/04/09	\$73.58	Neiman Marcus	Not Reported	N/A
12/11/09	\$449.06	VZW Wireless	VZW Wireless	no entry
12/21/09	\$21.29	PF Gyms	Not Reported	N/A

12/28/09	\$33.02	Build-A-Bear Workshop	Not Reported	N/A
12/28/09	\$106.39	Brookstone	Not Reported	N/A
12/28/09	\$35.44	Waldenbooks	Not Reported	N/A
12/30/09	\$448.11	VZW Wireless	VZW Wireless	phones- Line 17 (operating expenses)
01/04/10	\$76.67	Best Buy	Not Reported	N/A
01/14/10	\$67.98	Florida Power & Light	Florida Power & Light	electric - Line 17 (operating expenses)
01/20/10	\$21.29	PF Gyms	Not Reported	N/A
02/09/10	\$448.08	VZW Wireless	VZW Wireless	phone - Line 17 (operating expenses)
02/12/10	\$35.44	BMX Radio	Not Reported	N/A
02/18/10	\$229.78	Florida Power & Light	Florida Power & Light	electric - Line 17 (operating expenses)
02/26/10	\$1,050.00	over counter withdrawal	Edward Lynch	partial loan repayment - Line 19a
TOTAL	\$6,552.90			

1

2 In his written response, Mr. Lynch denies that he committed the violations described in
3 the Referral. He disagrees with the information concerning the cash on hand discrepancies,
4 stating that "[w]ith regard to the claim that the amounts do not agree with what was filed and that
5 some intentional misdirection was used is completely false." Response at 1. Specifically, with
6 regard to the allegation that he failed to deposit his loans to the campaign, he asserts that he did
7 deposit two loans in the amounts of \$29,800 and \$50,000 into the campaign's original bank
8 account, which he explains was opened under his Social Security number. *Id.* at 1. He further
9 explains that he decided that the Committee should "pay the loans back to me in as small
10 increments as possible" to avoid having insufficient money for the campaign. *Id.* at 2. He
11 asserts that "[a]ny funds that were paid to repay the loans . . . were ALWAYS labeled
12 appropriately as a loan repayment." [Emphasis in original.] *Id.* at 3. Mr. Lynch appears to
13 attribute the reporting errors "to the fact [that the Committee was] constantly having problems

1 with the filing program" and claims he "was misinformed" regarding some reporting issues.² *Id.*
2 at 2.

3 Mr. Lynch also responds that the claim that campaign funds were "used for personal
4 purposes . . . is completely false" and "there was never, ever any intention to hide or use any
5 monies for personal use." Response at 2. However, he does not specifically address any of the
6 apparent personal use disbursements listed in the Referral. He explains that many receipts have
7 been misplaced or lost but that because most items were paid for with a check or a bankcard
8 "every single penny of campaign funds can be accounted for." *Id.* There was no supporting
9 documentation referenced in or attached to his response.

10 As of the date of this report, Mr. Lynch's Committee had open administrative fines cases
11 with the Commission for violations of 2 U.S.C. § 434(a), the failure to file or timely file reports
12 from the 2008 and 2010 election cycles, that remain unpaid. The Committee owes the
13 Commission \$10,932.00 in connection with those matters. Further, RAD recently sent the
14 Committee Notices for Failure to File its 2011 July and April Quarterly Reports and its 2010
15 Year-End Report. RAD also sent the Committee an RFAI, dated April 26, 2011, concerning the
16 failure to file a 2010 30-Day Post-Special General Election Report and discrepancies between
17 the reporting of loan payments on Schedules B and C of the Committee's 2010 July Quarterly
18 Report.

² The Commission's Electronic Filing Office indicates that the Committee called with some technical issues with the filing software between March 2008 and April 2010. According to the tech support logs the calls involved routine issues such as obtaining a password, assistance with uploading a report, and correcting errors. There were no calls from the Committee to that office between September 2008 and February 2009, and there have been no calls since April 2010.

B. Analysis

1. Reporting

Based on the available information, it appears that the Committee inaccurately reported cash on hand balances, loans, and disbursements in violation of 2 U.S.C. § 434(b). The Act requires committee treasurers to file reports of receipts and disbursements in accordance with the provisions of 2 U.S.C. § 434. See 2 U.S.C. § 434(a)(1) and 11 C.F.R. § 104.1(a). These reports shall include, *inter alia*, the amount of cash on hand at the beginning and end of a reporting period and the total amount of receipts and disbursements. See 2 U.S.C. § 434(b); 11 C.F.R. § 104.3. The Act requires accurate reporting of the total amount of loans made or guaranteed by the candidate and the repayment of those loans. See 2 U.S.C. § 434(b)(2)(G); 11 C.F.R. § 104.3(a)(3)(vii)(B) and (b)(2)(iii)(A). Committees are also required to disclose itemized and unitemized breakdowns of disbursements and to disclose the name and address of each person who has received any disbursement in an aggregate amount or value in excess of \$200 within the calendar year, together with the date and amount of any such disbursement. See 2 U.S.C. § 434(b)(5) and (6); 11 C.F.R. § 104.3 (b).

For at least one of the two reports at issue, the Committee's reported cash on hand did not reconcile with the amounts of cash shown to be available in the Committee's bank statements. Specifically, the Committee's 2010 12-Day Pre-Special Primary Report, covering October 1, 2009 through January 13, 2010, disclosed \$84,455.39 cash on hand at the end of the reporting period, but the Committee's bank statement shows that the Committee had a balance of only \$3,297 on January 13, 2010. Further, as the RAD Referral notes, the Committee's 2008 July Quarterly Report, covering the period of April 1 through June 30, 2008, disclosed \$71,734.34 cash on hand at the end of the reporting period, but the available Committee bank statement showed a balance of only \$2,437.36 on July 15, 2008. Although we do not currently possess a

1 bank statement showing the June 30, 2008 balance, Committee disclosure reports do not show
2 any disbursements between June 30, 2008 and July 15, 2008, suggesting that the \$2,437.36 bank
3 balance of July 15, 2008 was the same on June 30, 2008. Thus, the Committee appears to have
4 misreported its cash on hand, in violation of 2 U.S.C. § 434(b)(1).

5 Some of the cash on hand reporting inaccuracies may have been caused by the
6 Committee misreporting two personal loans that Lynch purports to have made to the Committee
7 on March 24, 2008 and April 1, 2008. The Committee's disclosure reports show that the
8 Committee received loans from Mr. Lynch in the amounts of \$29,800 on March 24, 2008, and
9 \$50,000 on April 1, 2008. However, a former Committee employee stated that the two loans
10 were never deposited in the Committee's account and that the Committee assets were
11 "artificially inflated." Referral at 2. Mr. Lynch asserts that he deposited the loans into the
12 Committee's account but provided no documentation to support this assertion, and the loans
13 were purportedly deposited during a 4-month time span, from mid-April 2008 to mid-July 2008,
14 for which RAD has no bank statements for the Committee's account. *See supra* at fn 1. Further,
15 the available bank statements, when reviewed in conjunction with the Committee's disclosure
16 reports, do not support Lynch's assertion that the loans were deposited into the Committee's
17 account. The last available bank statement prior to the dates of the reported loans shows that the
18 Committee had a balance of \$285.62 on March 13, 2008. The next available bank statement
19 begins on July 15, 2008, with an opening balance of \$2,437.36. However, the Committee's
20 disclosure reports do not show the approximately \$75,000 in disbursements that would have
21 been required in order for the Committee to have depleted the account to \$2,437.36 by July 15,
22 2008. Therefore, based on the available information, there is reason to believe that the
23 Committee violated 2 U.S.C. § 434(b)(2)(G) by misreporting the receipt of the loans.

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1 In addition, the Committee's reports appear to disclose inaccurate information for various
2 disbursements. Specifically, a number of disbursements in the Committee's disclosure reports
3 list Mr. Lynch as the payee when bank records reveal that those payments were actually made to
4 vendors through the use of the Committee's check card. *See supra* at 4-5. Further, based on the
5 bank statements, it appears that a number of disbursements identified as potential personal use
6 expenses were not reported at all in the disclosure reports. This includes payments for a Florida
7 Driver's License, several payments to PF Gyms, and payments to retailers such as Advance Auto
8 Parts, Bennett Auto Supply, Sam Ash Music, Best Buy, Brookstone, Build-A-Bear and Neiman
9 Marcus. The unreported disbursements did not appear as itemized entries on Schedule B or as
10 unitemized disbursements on disclosure reports' detailed summary pages. *Supra* at 3-5. By
11 disclosing inaccurate payee information for itemized disbursements and by failing to include
12 accurate totals for unitemized disbursements, the Committee's reports were not in compliance
13 with the requirements of the Act and therefore violated 2 U.S.C. § 434(b)(4), (5) and (6).
14 However, because we do not have a complete collection of the Committee's bank statements, the
15 full extent of the Committee's misreporting is not yet known.

16 **2. Personal Use**

17 The available information also indicates that the candidate converted Committee funds to
18 his personal use. The Act provides that contributions accepted by a candidate may be used by
19 the candidate "for otherwise authorized expenditures in connection with the campaign for
20 Federal office of the candidate . . ." 2 U.S.C. § 439a(a)(1). Such campaign funds, however,
21 shall not be converted to "personal use" by "any person." 2 U.S.C. § 439a(b)(1). "Personal use"
22 is defined as the use of funds in a campaign account of a federal candidate "to fulfill a
23 commitment, obligation or expense of a person that would exist irrespective of the candidate's

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1 election campaign or individual's duties as a holder of Federal office." 2 U.S.C. § 439a(b)(2);
2 11 C.F.R. § 113.1(g).

3 The Act and Commission regulations set forth some *per se* examples of personal use,
4 including utility payments, noncampaign-related automobile expenses, and health club dues,
5 among others. See 2 U.S.C. § 439a(b)(2)(A)-(I). See also 11 C.F.R. § 113.1(g); MUR 5895
6 (Meeks for Congress) (finding candidate and committee violated Act by, *inter alia*, paying for
7 personal trainer expenses and vehicle lease expenses with campaign funds). In adopting the
8 personal use regulations, the Commission explained that "[i]f the candidate can reasonably show
9 that the expenses at issue resulted from campaign or officeholder activities, the Commission will
10 not consider the use to be personal use." *Explanation and Justification for Final Rules for*
11 *Personal Use of Campaign Funds*, 60 Fed. Reg. 7862, 7867 (February 9, 1995). However, the
12 *per se* list of expenses "are automatically considered to be personal use" that a committee
13 "cannot pay for." See *FEC Campaign Guide for Congressional Candidates and Committees*,
14 April 2008, at 54.

15 A review of the available bank statements and the Committee's disclosure reports reveals
16 that the candidate used the Committee's bank account for personal expenses totaling at least
17 \$6,552.90. See *supra* at 4-5 (listing possible personal use disbursements). These expenses
18 include *per se* personal use payments for a gym membership and payments to Florida Power &
19 Light for payment of electric service for Mr. Lynch's home.³ See 2 U.S.C. § 439a(b)(2);
20 11 C.F.R. § 113.1(g)(1)(i)(E) (utility payments for a candidate's home are prohibited even if part
21 of the residence is being used for the campaign). Other apparent personal use expenses include

³ The Referral indicates that the Committee made payments to Florida Power & Light for two different accounts, one of which was not the campaign office location. See Referral at attached letter dated March 10, 2010. According to a Committee representative, the candidate had a small office in his home, but the campaign office was at a different location. See *id.*; see also RAD Memorandum to Commission dated May 19, 2010, at 4.

1 payments for a driver's license, medical expenses, auto parts, retail shops and cell phone bills.
2 *Supra* at 4-5. The bank statements included with the referral also reflect over \$2,500 in gasoline
3 payments and over \$1,000 in purchases for meals at various bars and restaurants, but we do not
4 know at this juncture whether those payments may have been campaign-related.⁴ 11 C.F.R.
5 § 113.1(g)(1)(ii); *see* Referral at attached letter and bank statements.

6 Mr. Lynch states that he wanted to repay loans he made to his Committee in small
7 increments and that "[e]very single item that had anything to do with me personally was
8 accounted for and went to repay any monies owed to me." Response at 2. However, of the 28
9 disbursements identified as possible personal use, only four listed "loan repayment" as the
10 purpose in reports with the Commission, *supra* at 4-5, two others did not include an entry for the
11 purpose, and 14 other possible personal use disbursements were not reported at all, thus calling
12 into question his assertion that these purported loan repayments had been accounted for.
13 Regardless, a majority of the disbursements at issue are specifically included in the list of *per se*
14 personal use set forth in the Act and it would therefore be impermissible for the Committee to
15 pay for them. *See* 2 U.S.C. § 439a(b)(2)(A)-(I); 11 C.F.R. § 113.1(g).

16 The candidate's unsworn general denials do not sufficiently refute the information set
17 forth in the Referral concerning possible personal use, which, as described above, is
18 substantiated by documentary evidence. Despite having received a copy of the Referral,
19 including all of the attachments, listing specific potential personal use disbursements, the
20 candidate's response did not address any of the specific disbursements or provide any supporting
21 documentation. Therefore, based on the available information it appears that the candidate and

⁴ Likewise, the bank statements reveal that a number of checks were written out to "Cash" and to Mr. Lynch's wife, but we have no information at this time whether those disbursements were campaign-related or for payment of bona fide services to the campaign. 11 C.F.R. § 113.1(g)(1)(i)(G).

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1 the Committee may have converted contributions for personal use. Accordingly, we recommend
2 that the Commission find reason to believe the Respondent violated 2 U.S.C. § 439a(b).

3 3. Knowing and Willful

4 There is reason to believe that the violations in this matter were knowing and willful. *See*
5 2 U.S.C. § 437g(a)(5)(B). The knowing and willful standard requires knowledge that one is
6 violating the law. The phrase "knowing and willful" indicates that "acts were committed with
7 full knowledge of all the relevant facts and a recognition that the action is prohibited by law . . ."
8 122 Cong. Rec. H3778 (daily ed. May 3, 1976); *see also* *AFL-CIO v. FEC*, 628 F.2d 97, 98, 101-
9 02 (D.C. Cir.), *cert. denied*, 449 U.S. 982 (1980) (noting that a "willful" violation includes "such
10 reckless disregard of the consequences as to be equivalent to a knowing, conscious, and
11 deliberate flaunting of the Act," but concluding on the facts before it that this standard was not
12 met) (*cited in* *National Right to Work Comm. v. FEC*, 716 F.2d 1401, 1403 (D.C. Cir. 1983)).

13 An inference of knowing and willful conduct may be drawn "from the defendant's
14 elaborate scheme for disguising" his or her actions. *United States v. Hopkins*, 916 F.2d 207, 214-
15 15 (5th Cir. 1990). The evidence need not show that the defendant "had specific knowledge of
16 the regulations" or "conclusively demonstrate" a defendant's "state of mind," if there are "facts
17 and circumstances from which the jury reasonably could infer that [the defendant] knew her
18 conduct was unauthorized and illegal." *Id.* at 213 (*quoting* *United States v. Bordelon*, 871 F.2d
19 491, 494 (5th Cir.), *cert. denied*, 439 U.S. 838 (1989)).

20 Although Mr. Lynch denies that he tried to use "intentional misdirection" or tried "to
21 hide or use any monies for personal use," and he claims that all disbursements are "accounted for
22 and went to repay any monies owed to me," the manner in which he misreported his personal use
23 disbursements indicate that he may have committed knowing and willful violations of the Act.
24 As illustrated in the personal use chart, *supra*, the Committee disclosed the incorrect payee for

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1 some of the potential personal use disbursements in its reports with the Commission;
2 specifically, the Committee misreported some of the payments for potential personal use items as
3 payments to the candidate when, in fact, the disbursement was to a vendor. In other instances, it
4 did not report the potential personal use transactions at all. For example, the Committee made a
5 \$31.29 disbursement to PF Gyms on August 21, 2009 and a \$21.29 disbursement to the same
6 vendor on September 28, 2009, that it incorrectly reported on disclosure reports as payments to
7 Mr. Lynch. Then, from October 2009 through January 2010, it simply did not report monthly
8 disbursements to PF Gyms at all. This suggests that the Committee or Mr. Lynch sought to
9 disguise or hide these personal use payments. Further, it appears that the former Committee
10 employee who provided RAD with the Committee's bank statements left the campaign as a
11 result of Mr. Lynch's misuse of Committee funds, although we have no information concerning
12 any conversations they may have had regarding these issues. See First General Counsel's Report
13 in MUR 5218, pages 11-12 (Russ Francis) (knowing and willful violation of section 439a when
14 campaign treasurer and other volunteer warned candidate that personal use disbursements were
15 illegal, and subsequently resigned in protest when advice was ignored). Further, the former
16 employee also asserted to RAD that Mr. Lynch's claim that he deposited certain loans to the
17 Committee was false. Therefore, there is reason to believe that Mr. Lynch knowingly and
18 willfully violated the Act when he transacted personal business with the Committee's account
19 and in filing inaccurate reports with the Commission.

20 Accordingly, we recommend that the Commission open a Matter Under Review, find
21 reason to believe that Edward J. Lynch knowingly and willfully violated 2 U.S.C. § 439a(b), and
22 that Lynch for Congress and Edward J. Lynch, in his official capacity as treasurer, knowingly
23 and willfully violated 2 U.S.C. §§ 434(b) and 439a(b).

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1 **III. INVESTIGATION**

2 Because we do not know the full extent of the violations based on the documents
3 available to us at this time, we recommend that the Commission authorize an investigation to
4 ascertain the extent of the misreporting and the purpose and extent of the apparent personal use
5 disbursements, as well as to examine the nature of the violations. The investigation will also
6 provide Mr. Lynch with another opportunity to provide information that supports his position
7 that he did not violate the Act. We plan to begin the investigation by collecting the Committee's
8 complete bank records and interviewing Mr. Lynch. We will also identify and interview
9 Committee staff and other relevant witnesses with knowledge of the Committee's expenses.
10 Should the candidate or any witnesses prove uncooperative in response to informal requests for
11 information, we request that the Commission authorize the use of compulsory process to obtain
12 the relevant information and documentation.

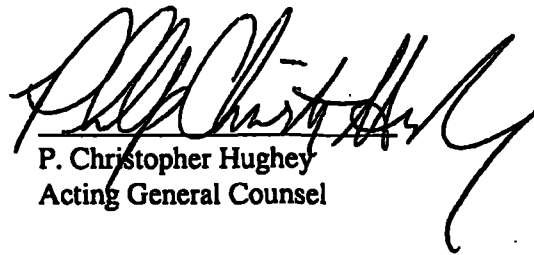
13 **IV. RECOMMENDATIONS**

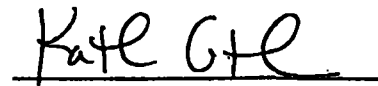
- 14 1. Open a MUR.
15
16 2. Find reason to believe that Edward J. Lynch, in his personal capacity, knowingly and
17 willfully violated 2 U.S.C. § 439a(b).
18
19 3. Find reason to believe that Lynch for Congress and Edward J. Lynch, in his official
20 capacity as treasurer, knowingly and willfully violated 2 U.S.C. §§ 434(b) and
21 439a(b).
22
23 4. Approve the attached Factual and Legal Analysis.
24

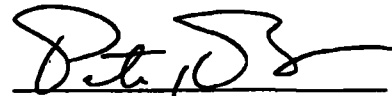
5. Authorize the use of compulsory process in this matter, including the issuance of interrogatories, document subpoenas, and deposition subpoenas.
6. Approve the appropriate letters.


8-26-2011

Date


P. Christopher Hughey
Acting General Counsel


Kathleen M. Guith
Acting Associate General Counsel for
Enforcement


Peter G. Blumberg
Assistant General Counsel


Ana J. Peña-Wallace
Attorney

Attachment:
Factual and Legal Analysis

1 **FEDERAL ELECTION COMMISSION**
2 **FACTUAL AND LEGAL ANALYSIS**

3 **RESPONDENT:** Edward J. Lynch **MUR:**
4 Lynch for Congress and Edward J. Lynch,
5 in his official capacity as treasurer
6

7 **I. INTRODUCTION**

8 This matter was generated based on information ascertained by the Federal Election
9 Commission ("the Commission") in the normal course of carrying out its supervisory
10 responsibilities. See 2 U.S.C. § 437g(a)(2). Lynch for Congress is the principal campaign
11 committee for Edward J. Lynch, who was a candidate for Florida's 19th Congressional District in
12 2008 and again in the 2010 Special Election. The Reports Analysis Division ("RAD") referred
13 Lynch for Congress and Edward J. Lynch, in his official capacity as treasurer, ("Committee") for
14 enforcement action based on apparent reporting discrepancies and the improper use of campaign
15 funds that took place from 2008 through 2010. The referral states that the Committee filed
16 inaccurate reports with the Commission when it submitted reports containing cash on hand
17 discrepancies up to \$81,000. In addition, according to the referral materials, certain candidate
18 loans and Committee disbursements may have been misreported. Finally, the referral identifies
19 the candidate's apparent personal use of Committee funds.

20 Pursuant to the Commission's *Agency Procedure for Notice to Respondents in Non-*
21 *Complaint Generated Matters*, dated August 4, 2009, the Commission notified the Committee of
22 the referral by sending the Committee a copy of the referral, including Committee bank
23 statements in RAD's possession. In his response to the notification, Mr. Lynch denies, on behalf
24 of himself and the Committee, that they committed the violations alleged in the referral. His
25 response includes only general explanations concerning the cash on hand discrepancies and the

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1 personal use of committee funds, without addressing any of the specific transactions highlighted
2 in the referral.

3 Based on the available information, the Commission opened a Matter Under Review and
4 found reason to believe that Lynch for Congress and Edward J. Lynch, in his official capacity as
5 treasurer, knowingly and willfully violated 2 U.S.C. § 434(b) by filing inaccurate disclosure
6 reports. The Commission also found reason to believe that Edward J. Lynch knowingly and
7 willfully violated 2 U.S.C. § 439a(b) by converting Committee funds to his own personal use,
8 and Lynch for Congress and Edward J. Lynch, in his official capacity as treasurer, knowingly
9 and willfully violated 2 U.S.C. § 439a(b) by using campaign funds for personal use.

10 II. FACTUAL AND LEGAL ANALYSIS

11 A. Factual Summary

12
13 The RAD Referral ("Referral") identifies a number of reporting discrepancies dating
14 from March 2008 through April 2010, including misreporting of the Committee's cash on hand
15 balance, inaccurate reporting of loans and disbursements, and the failure to report unitemized
16 disbursements.¹ Specifically, the Referral identifies the following reporting errors:

- 17 • The Committee overstated cash on hand balances in at least two disclosure
18 reports.
19

¹ Included with the Referral were copies of the Committee's bank statements (including cancelled checks) from different bank accounts used by the Committee from February 2008 through February 2010. The statements were provided to RAD by a former employee of the Committee. Based on the bank statements included in the Referral, it appears that the Committee operated out of the three different bank accounts at different times. The Committee had an account in the name of "Edward J. Lynch Campaign Account" from at least February 2008 through October 20, 2008 when the account was closed. The Committee appears to have opened a second account in the name of "Lynch for Congress, Inc." in September 2008 that it closed that same month, and then it opened the third account, in the name of "Lynch for Congress, Inc." on October 1, 2008. The bank statements for the first account cover the time period of February 15, 2008 through March 13, 2008 and July 15, 2008 through September 12, 2008; the statement for the second account covers September 1, 2008 through September 30, 2008; and the statements for the third account cover October 1, 2008 through February 28, 2010. There are no statements currently in the Commission's possession for the time period of March 14, 2008 through July 14, 2008.

- The Committee's 2008 July Quarterly Report, covering the period of April 1 through June 30, 2008, disclosed \$71,734.34 cash on hand when the Committee's July 15, 2008 bank statement showed a balance of \$2,437.36.
- The Committee's 2010 12-Day Pre-Special Primary Report, covering October 1, 2009 through January 13, 2010, disclosed \$84,455.39 cash on hand when the Committee's bank statement showed a balance of only \$3,297 on January 13, 2010.
- The Committee reported two candidate loans (\$29,800 on March 24, 2008 and \$50,000 on April 1, 2008) that may have never been deposited into the campaign's bank accounts.
- A number of Committee disbursements under \$200 dollars each were not reported in the Committee's total unitemized disbursement totals.
- Certain Committee disbursements to vendors were misreported. Those disbursements, which appear to be for the candidate's personal expenses, were reported as payments to the candidate rather than as disbursements to the vendors.

In addition to the reporting errors, the Referral identified disbursements where the candidate may have used the Committee's funds to pay for personal expenses. Specifically, the candidate's potential personal use violations include payments for the candidate's home electric bill, a personal gym membership, the candidate's and his wife's cell phones, a doctor's visit, a gun holster, and purchases at Build-A-Bear Workshop and Neiman Marcus, among others. The Committee's bank statements show that most of these payments were made directly to the vendors using the Committee's bank check card. However, in many instances, the Committee reported the disbursement on its FEC disclosure reports as payable to the candidate even though the payment actually was made to a vendor. The potential personal use expenses include the following:

1

Date	Amount	Payee Listed on Bank Statement	Payee Reported on FEC Report	Purpose Listed in FEC (Form 3) Report
08/08/09	\$443.23	VZW Wireless	VZW Wireless	cell phone - Line 17 (operating expenses)
08/11/09	\$46.80	FL Driver's License	Not Reported	N/A
08/21/09	\$31.29	PF Gyms	Edward Lynch	no purpose - Line 19a (loan repayments)
08/25/09	\$50.00	ER Doctors Urgent Care	Edward Lynch	no purpose - Line 19a (loan repayments)
09/14/09	\$27.99	Fobus Holster	Edward Lynch	no entry
09/17/09	\$83.90	Advance Auto Parts	Not Reported	N/A
09/17/09	\$28.27	Bennett Auto Supply	Not Reported	N/A
09/18/09	\$69.83	Sam Ash Music	Not Reported	N/A
09/28/09	\$21.29	PF Gyms	Edward Lynch	no purpose - Line 19a (loan repayments)
09/30/09	\$444.00	VZW Wireless	VZW Wireless	cell phone - Line 17 (operating expenses)
10/19/09	\$21.29	PF Gyms	Not Reported	N/A
10/29/09	\$449.59	VZW Wireless	VZW Wireless	phones - Line 17 (operating expenses)
11/19/09	\$21.29	PF Gyms	Not Reported	N/A
12/03/09	\$1,718.00	Florida Power & Light	Florida Power & Light	power - Line 17 (operating expenses)
12/04/09	\$73.58	Neiman Marcus	Not Reported	N/A
12/11/09	\$449.06	VZW Wireless	VZW Wireless	no entry
12/21/09	\$21.29	PF Gyms	Not Reported	N/A
12/28/09	\$33.02	Build-A-Bear Workshop	Not Reported	N/A
12/28/09	\$106.39	Brookstone	Not Reported	N/A
12/28/09	\$35.44	Waldenbooks	Not Reported	N/A
12/30/09	\$448.11	VZW Wireless	VZW Wireless	phones - Line 17 (operating expenses)
01/04/10	\$76.67	Best Buy	Not Reported	N/A
01/14/10	\$67.98	Florida Power & Light	Florida Power & Light	electric - Line 17 (operating expenses)
01/20/10	\$21.29	PF Gyms	Not Reported	N/A
02/09/10	\$448.08	VZW Wireless	VZW Wireless	phone - Line 17 (operating expenses)
02/12/10	\$35.44	BMX Radio	Not Reported	N/A
02/18/10	\$229.78	Florida Power & Light	Florida Power & Light	electric - Line 17 (operating expenses)

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02/26/10	\$1,050.00	over counter withdrawal	Edward Lynch	partial loan repayment - Line 19a
TOTAL	\$6,552.90			

1
2 In his written response, Mr. Lynch denies that he committed the violations described in
3 the Referral. He disagrees with the information concerning the cash on hand discrepancies,
4 stating that "[w]ith regard to the claim that the amounts do not agree with what was filed and that
5 some intentional misdirection was used is completely false." Response at 1. Specifically, with
6 regard to the allegation that he failed to deposit his loans to the campaign, he asserts that he did
7 deposit two loans in the amounts of \$29,800 and \$50,000 into the campaign's original bank
8 account, which he explains was opened under his Social Security number. *Id.* at 1. He further
9 explains that he decided that the Committee should "pay the loans back to me in as small
10 increments as possible" to avoid having insufficient money for the campaign. *Id.* at 2. He
11 asserts that "[a]ny funds that were paid to repay the loans . . . were ALWAYS labeled
12 appropriately as a loan repayment." [Emphasis in original.] *Id.* at 3. Mr. Lynch appears to
13 attribute the reporting errors "to the fact [that the Committee was] constantly having problems
14 with the filing program" and claims he "was misinformed" regarding some reporting issues. *Id.*
15 at 2.

16 Mn. Lynch also responds that the claim that campaign funds were "used for personal
17 purposes . . . is completely false" and "there was never, ever any intention to hide or use any
18

monies for personal use.” Response at 2. However, he does not specifically address any of the apparent personal use disbursements listed in the Referral. He explains that many receipts have been misplaced or lost but that because most items were paid for with a check or a bankcard “every single penny of campaign funds can be accounted for.” *Id.* There was no supporting documentation referenced in or attached to his response.

As of the date of this report, Mr. Lynch’s Committee had open administrative fines cases with the Commission for violations of 2 U.S.C. § 434(a), the failure to file or timely file reports from the 2008 and 2010 election cycles, that remain unpaid. The Committee owes the Commission \$10,932.00 in connection with those matters. Further, RAD recently sent the Committee Notices for Failure to File its 2011 July and April Quarterly Reports and its 2010 Year-End Report. RAD also sent the Committee an RFAI, dated April 26, 2011, concerning the failure to file a 2010 30-Day Post-Special General Election Report and discrepancies between the reporting of loan payments on Schedules B and C of the Committee’s 2010 July Quarterly Report.

B. Analysis

1. Reporting

Based on the available information, it appears that the Committee inaccurately reported cash on hand balances, loans, and disbursements in violation of 2 U.S.C. § 434(b). The Act requires committee treasurers to file reports of receipts and disbursements in accordance with the provisions of 2 U.S.C. § 434. *See* 2 U.S.C. § 434(a)(1) and 11 C.F.R. § 104.1(a). These reports shall include, *inter alia*, the amount of cash on hand at the beginning and end of a reporting period and the total amount of receipts and disbursements. *See* 2 U.S.C. § 434(b); 11 C.F.R.

1 § 104.3. The Act requires accurate reporting of the total amount of loans made or guaranteed by
2 the candidate and the repayment of those loans. *See* 2 U.S.C. § 434(b)(2)(G); 11 C.F.R.
3 § 104.3(a)(3)(vii)(B) and (b)(2)(iii)(A). Committees are also required to disclose itemized and
4 unitemized breakdowns of disbursements and to disclose the name and address of each person
5 who has received any disbursement in an aggregate amount or value in excess of \$200 within the
6 calendar year, together with the date and amount of any such disbursement. *See* 2 U.S.C.
7 § 434(b)(5) and (6); 11 C.F.R. § 104.3 (b).

8 For at least one of the two reports at issue, the Committee's reported cash on hand did not
9 reconcile with the amounts of cash shown to be available in the Committee's bank statements.
10 Specifically, the Committee's 2010 12-Day Pre-Special Primary Report, covering October 1,
11 2009 through January 13, 2010, disclosed \$84,455.39 cash on hand at the end of the reporting
12 period, but the Committee's bank statement shows that the Committee had a balance of only
13 \$3,297 on January 13, 2010. Further, as the RAD Referral notes, the Committee's 2008 July
14 Quarterly Report, covering the period of April 1 through June 30, 2008, disclosed \$71,734.34
15 cash on hand at the end of the reporting period, but the available Committee bank statement
16 showed a balance of only \$2,437.36 on July 15, 2008. Although we do not currently possess a
17 bank statement showing the June 30, 2008 balance, Committee disclosure reports do not show
18 any disbursements between June 30, 2008 and July 15, 2008, suggesting that the \$2,437.36 bank
19 balance of July 15, 2008 was the same on June 30, 2008. Thus, the Committee appears to have
20 misreported its cash on hand, in violation of 2 U.S.C. § 434(b)(1).

21 Some of the cash on hand reporting inaccuracies may have been caused by the
22 Committee misreporting two personal loans that Lynch purports to have made to the Committee

1 on March 24, 2008 and April 1, 2008. The Committee's disclosure reports show that the
2 Committee received loans from Mr. Lynch in the amounts of \$29,800 on March 24, 2008, and
3 \$50,000 on April 1, 2008. However, a former Committee employee stated that the two loans
4 were never deposited in the Committee's account and that the Committee assets were
5 "artificially inflated." Referral at 2. Mr. Lynch asserts that he deposited the loans into the
6 Committee's account but provided no documentation to support this assertion, and the loans
7 were purportedly deposited during a 4-month time span, from mid-April 2008 to mid-July 2008,
8 for which RAD has no bank statements for the Committee's account. *See supra* at fn 1.
9 Further, the available bank statements, when reviewed in conjunction with the Committee's
10 disclosure reports, do not support Lynch's assertion that the loans were deposited into the
11 Committee's account. The last available bank statement prior to the dates of the reported loans
12 shows that the Committee had a balance of \$285.62 on March 13, 2008. The next available bank
13 statement begins on July 15, 2008, with an opening balance of \$2,437.36. However, the
14 Committee's disclosure reports do not show the approximately \$75,000 in disbursements that
15 would have been required in order for the Committee to have depleted the account to \$2,437.36
16 by July 15, 2008. Therefore, based on the available information, there is reason to believe that
17 the Committee violated 2 U.S.C. § 434(b)(2)(G) by misreporting the receipt of the loans.

18 In addition, the Committee's reports appear to disclose inaccurate information for various
19 disbursements. Specifically, a number of disbursements in the Committee's disclosure reports
20 list Mr. Lynch as the payee when bank records reveal that those payments were actually made to
21 vendors through the use of the Committee's check card. *See supra* at 4-5. Further, based on the
22 bank statements, it appears that a number of disbursements identified as potential personal use

1 expenses were not reported at all in the disclosure reports. This includes payments for a Florida
2 Driver's License, several payments to PF Gyms, and payments to retailers such as Advance Auto
3 Parts, Bennett Auto Supply, Sam Ash Music, Best Buy, Brookstone, Build-A-Bear and Neiman
4 Marcus. The unreported disbursements did not appear as itemized entries on Schedule B or as
5 unitemized disbursements on disclosure reports' detailed summary pages. *Id.* By disclosing
6 inaccurate payee information for itemized disbursements and by failing to include accurate totals
7 for unitemized disbursements, the Committee's reports were not in compliance with the
8 requirements of the Act and therefore violated 2 U.S.C. § 434(b)(4), (5) and (6).

9 2. Personal Use

10 The available information also indicates that the candidate converted Committee funds to
11 his personal use. The Act provides that contributions accepted by a candidate may be used by
12 the candidate "for otherwise authorized expenditures in connection with the campaign for
13 Federal office of the candidate . . ." 2 U.S.C. § 439a(a)(1). Such campaign funds, however,
14 shall not be converted to "personal use" by "any person." 2 U.S.C. § 439a(b)(1). "Personal use"
15 is defined as the use of funds in a campaign account of a federal candidate "to fulfill a
16 commitment, obligation or expense of a person that would exist irrespective of the candidate's
17 election campaign or individual's duties as a holder of Federal office." 2 U.S.C. § 439a(b)(2);
18 11 C.F.R. § 113.1(g).

19 The Act and Commission regulations set forth some *per se* examples of personal use,
20 including utility payments, noncampaign-related automobile expenses, and health club dues,
21 among others. *See* 2 U.S.C. § 439a(b)(2)(A)-(I). *See also* 11 C.F.R. § 113.1(g); MUR 5895
22 (Meeks for Congress) (finding candidate and committee violated Act by, *inter alia*, paying for

1 personal trainer expenses and vehicle lease expenses with campaign funds). In adopting the
2 personal use regulations, the Commission explained that “[i]f the candidate can reasonably show
3 that the expenses at issue resulted from campaign or officeholder activities, the Commission will
4 not consider the use to be personal use.” *Explanation and Justification for Final Rules for*
5 *Personal Use of Campaign Funds*, 60 Fed. Reg. 7862, 7867 (February 9, 1995). However, the
6 *per se* list of expenses “are automatically considered to be personal use” that a committee
7 “cannot pay for.” *See FEC Campaign Guide for Congressional Candidates and Committees*,
8 April 2008, at 54.

9 A review of the available bank statements and the Committee’s disclosure reports reveals
10 that the candidate used the Committee’s bank account for personal expenses totaling at least
11 \$6,552.90. *See supra* at 4-5 (listing possible personal use disbursements). These expenses
12 include *per se* personal use payments for a gym membership and payments to Florida Power &
13 Light for payment of electric service for Mr. Lynch’s home.² *See* 2 U.S.C. § 439a(b)(2);
14 11 C.F.R. § 113.1(g)(1)(i)(E) (utility payments for a candidate’s home are prohibited even if part
15 of the residence is being used for the campaign). Other apparent personal use expenses include
16 payments for a driver’s license, medical expenses, auto parts, retail shops and cell phone bills.
17 *Supra* at 4-5. The bank statements included with the referral also reflect over \$2,500 in gasoline

² The Referral indicates that the Committee made payments to Florida Power & Light for two different accounts, one of which was not the campaign office location. *See* Referral at attached letter dated March 10, 2010. According to a Committee representative, the candidate had a small office in his home, but the campaign office was at a different location. *See id.*

1 payments and over \$1,000 in purchases for meals at various bars and restaurants, but we do not
2 know at this juncture whether those payments may have been campaign-related.³ 11 C.F.R.
3 § 113.1(g)(1)(ii); see Referral at attached letter and bank statements.

4 Mr. Lynch states that he wanted to repay loans he made to his Committee in small
5 increments and that "[e]very single item that had anything to do with me personally was
6 accounted for and went to repay any monies owed to me." Response at 2. However, of the 28
7 disbursements identified as possible personal use, only four listed "loan repayment" as the
8 purpose in reports with the Commission, *supra* at 4-5, two others did not include an entry for the
9 purpose, and 14 other possible personal use disbursements were not reported at all, thus calling
10 into question his assertion that these purported loan repayments had been accounted for.
11 Regardless, a majority of the disbursements at issue are specifically included in the list of *per se*
12 personal use set forth in the Act and it would therefore be impermissible for the Committee to
13 pay for them. See 2 U.S.C. § 439a(b)(2)(A)-(I); 11 C.F.R. § 113.1(g).

14 The candidate's unsworn general denials do not sufficiently refute the information set
15 forth in the Referral concerning possible personal use, which, as described above, is
16 substantiated by documentary evidence. Despite having received a copy of the Referral,
17 including all of the attachments, listing specific potential personal use disbursements, the
18 candidate's response did not address any of the specific disbursements or provide any supporting
19 documentation. Therefore, based on the available information it appears that the candidate and

³ Likewise, the bank statements reveal that a number of checks were written out to "Cash" and to Mr. Lynch's wife, but we have no information at this time whether those disbursements were campaign-related or for payment of bona fide services to the campaign. 11 C.F.R. § 113.1(g)(1)(i)(G).

1 the Committee may have converted contributions for personal use. Accordingly, the
2 Commission found reason to believe the Respondent violated 2 U.S.C. § 439a(b).

3 3. Knowing and Willful

4 There is reason to believe that the violations in this matter were knowing and willful. *See*
5 2 U.S.C. § 437g(a)(5)(B). The knowing and willful standard requires knowledge that one is
6 violating the law. The phrase "knowing and willful" indicates that "acts were committed with
7 full knowledge of all the relevant facts and a recognition that the action is prohibited by law . . ."
8 122 Cong. Rec. H3778 (daily ed. May 3, 1976); *see also AFL-CIO v. FEC*, 628 F.2d 97, 98, 101-
9 02 (D.C. Cir.), *cert. denied*, 449 U.S. 982 (1980) (noting that a "willful" violation includes "such
10 reckless disregard of the consequences as to be equivalent to a knowing, conscious, and
11 deliberate flaunting of the Act," but concluding on the facts before it that this standard was not
12 met) (*cited in National Right to Work Comm. v. FEC*, 716 F.2d 1401, 1403 (D.C. Cir. 1983)).

13 An inference of knowing and willful conduct may be drawn "from the defendant's
14 elaborate scheme for disguising" his or her actions. *United States v. Hopkins*, 916 F.2d 207, 214-
15 15 (5th Cir. 1990). The evidence need not show that the defendant "had specific knowledge of
16 the regulations" or "conclusively demonstrate" a defendant's "state of mind," if there are "facts
17 and circumstances from which the jury reasonably could infer that [the defendant] knew her
18 conduct was unauthorized and illegal." *Id.* at 213 (*quoting United States v. Bordelon*, 871 F.2d
19 491, 494 (5th Cir.), *cert. denied*, 439 U.S. 838 (1989)).

20 Although Mr. Lynch denies that he tried to use "intentional misdirection" or tried "to
21 hide or use any monies for personal use," and he claims that all disbursements are "accounted for
22 and went to repay any monies owed to me," the manner in which he misreported his personal use

1 disbursements indicate that he may have committed knowing and willful violations of the Act.
2 As illustrated in the personal use chart, *supra*, the Committee disclosed the incorrect payee for
3 some of the potential personal use disbursements in its reports with the Commission;
4 specifically, the Committee misreported some of the payments for potential personal use items as
5 payments to the candidate when, in fact, the disbursement was to a vendor. In other instances, it
6 did not report the potential personal use transactions at all. For example, the Committee made a
7 \$31.29 disbursement to PF Gyms on August 21, 2009 and a \$21.29 disbursement to the same
8 vendor on September 28, 2009, that it incorrectly reported on disclosure reports as payments to
9 Mr. Lynch. Then, from October 2009 through January 2010, it simply did not report monthly
10 disbursements to PF Gyms at all. This suggests that the Committee or Mr. Lynch sought to
11 disguise or hide these personal use payments. Further, it appears that the former Committee
12 employee who provided RAD with the Committee's bank statements left the campaign as a
13 result of Mr. Lynch's misuse of Committee funds, although we have no information concerning
14 any conversations they may have had regarding these issues. See First General Counsel's Report
15 in MUR 5218, pages 11-12 (Russ Francis) (knowing and willful violation of section 439a when
16 campaign treasurer and other volunteer warned candidate that personal use disbursements were
17 illegal, and subsequently resigned in protest when advice was ignored). Further, the former
18 employee also asserted to RAD that Mr. Lynch's claim that he deposited certain loans to the
19 Committee was false. Therefore, there is reason to believe that Mr. Lynch knowingly and
20 willfully violated the Act when he transacted personal business with the Committee's account
21 and in filing inaccurate reports with the Commission.

1 Therefore, there is reason to believe that Edward J. Lynch knowingly and willfully
2 violated 2 U.S.C. § 439a(b), and that Lynch for Congress and Edward J. Lynch, in his official
3 capacity as treasurer, knowingly and willfully violated 2 U.S.C. §§ 434(b) and 439a(b).